



The President's Daily Brief

11 July 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

11 July 1973

PRINCIPAL DEVELOPMENTS

President Pompidou is deeply disturbed over European security, which he sees as threatened by the decline of the dollar and by the US-USSR detente.
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The USSR is also having trouble reassuring its allies--particularly the Cubans and the North Vietnamese--who are suspicious of closer Soviet relations with the US. (Page 2)

	Cambodia

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Egypt	

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Portuguese officials are asking for better terms before they will renew the Azores base agreement with the US. (Page 5)

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FRANCE

President Pompidou is deeply pessimistic about the international monetary crisis and the defense of Western Europe, issues which he sees as linked. In recent private statements to newsmen, he has said he regards the dollar's decline as debilitating to the West for two reasons--it endangers any solution to trade problems, and it could encourage pressure in the US Congress for troop reductions in Europe. This, plus the suspicion that the US and the USSR may have secretly agreed to bar nuclear weapons from a European conflict, have led him to doubt that the US is still willing to defend Western Europe.

Pompidou believes that such suspicions will create a psychology of "every man for himself" in the area, and eventually propel Bonn into neutrality. He thinks that the Soviets will exploit Europe's vulnerability, and that France is helpless to change the situation.

Pompidou's fears correspond with long-standing French concerns, which have been intensified by the emphasis on detente between the US and the USSR. In recent weeks France has been reviewing its position on intra-European issues, particularly those involving relations with the superpowers. Foreign Minister Jobert was instructed to "wake people up to the West's insecurity" at the CSCE meeting in Helsinki last week.

Pompidou may hope that the rest of Europe will take firm stands on monetary and defense issues, but his dejection is probably deepened by the knowledge that a more united Europe--necessary to tackle these problems effectively--would require some sacrifice of French independence.

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USSR

The USSR is making gestures toward those of its allies, notably the Cubans and North Vietnamese, who see dangers in Soviet-US detente. These tactics alone, however, will not be enough to mollify them, and Moscow's public stress on the "tremendous importance" of the recent summit can only increase their unease and suspicion.

TASS announced on Monday that Brezhnev will visit Havana in December.

No doubt Castro would have preferred to have Brezhnev stop off in connection with the latter's visit to the US last month, as Kosygin did in 1967. The Soviets, however, apparently did not wish to call attention to an irritant in US-Soviet relations at this juncture. They acted similarly last year when they postponed Castro's visit to Moscow until after President Nixon had come and gone.

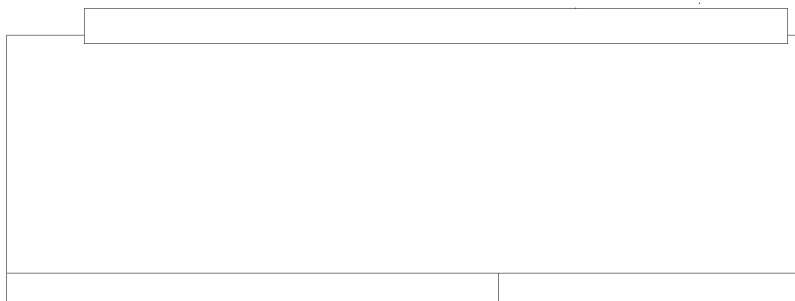
Not surprisingly, Havana has reacted with little enthusiasm to last month's summit. In fact, in re-playing Cuban statements on the subject, Soviet media have been editing out rhetoric about continued US "aggression."

Meanwhile, North Vietnamese leaders Le Duan and Pham Van Dong are getting a warm reception in Moscow. Brezhnev announced yesterday that the USSR has absolved Hanoi of its military and economic aid debts to the Soviet Union, and pledged further "economic" cooperation. Brezhnev included a vigorous defense of Moscow's detente policies, however, and his speech left no doubt as to where the Soviet Union's priorities lie.

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CAMBODIA



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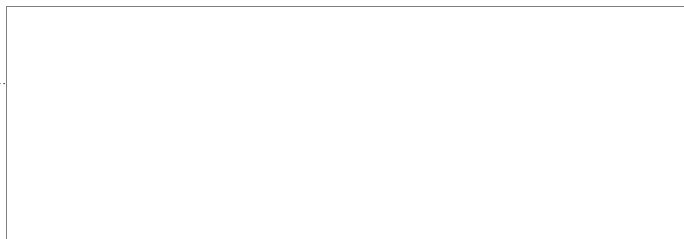
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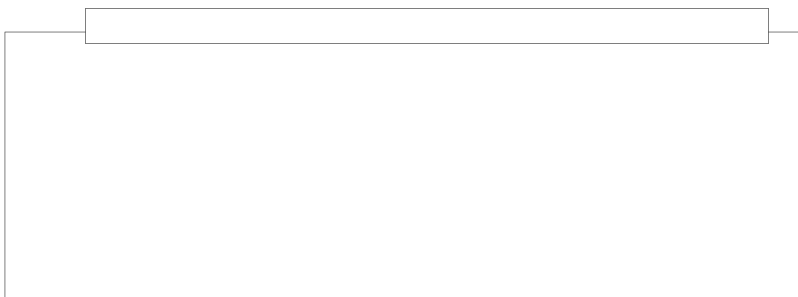


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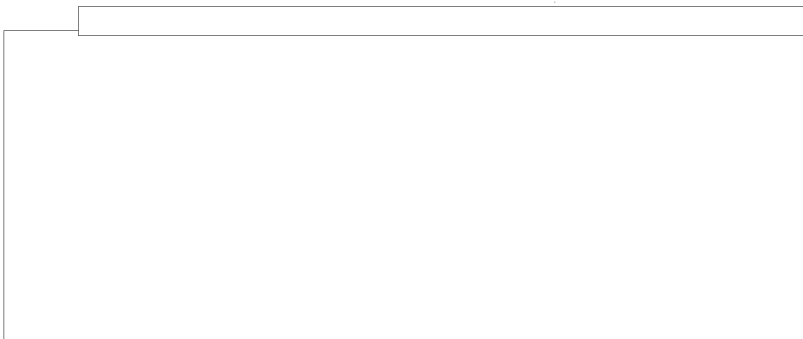
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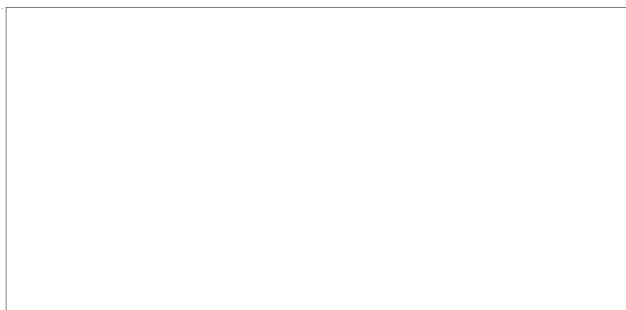
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PORTUGAL

Portuguese officials are outlining their initial approaches to the Azores base agreement. (The agreement comes up for renewal next year, and preliminary talks are scheduled to begin next month.)

Late last week Foreign Minister Patricio told US officials that Lisbon would be prepared to close out the base unless the US provided more compensation than under the latest extension. He said the compensation could take the form of US support for Portuguese "problems"--a clear renewal of past bids for diplomatic backing of Lisbon's efforts to retain its African territories.

Earlier in the week Prime Minister Caetano told visiting Senator Percy that if the US lacked enough interest in the base to provide adequate compensation, it must leave. Caetano indicated that Lisbon might offer the base to NATO for peacetime use rather than to the US on a bilateral deal.

In 1971, when the accord was most recently extended, the US agreed to provide a \$30-million loan under the PL-480 program, \$1 million for education projects, and \$5 million in non-military excess equipment. The Portuguese not only were unhappy at the size of the total package, but complain that Washington has failed to come up with the supplies that Portugal needs, such as industrial equipment.

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